MT LEGISLATIVE HISTORY

Chapter 323 1983

Bill H _____ S 204 Original bill & hist. ✓C

H. Committee on Taxation		S. Committee on Taxation	
Hearing Date(s) Mar 16	✓C	Hearing Date(s) Feb 09	✓C
_____	___C	Feb 21	✓C
_____	___C	_____	___C
_____	___C	_____	___C
Date Out Mar 16	✓C	Feb 21	✓C

Did this bill originate in an interim committee? ___Yes ___No

Committee _____ Report _____

SENATE BILL NO. 204

INTRODUCED BY KEATING, GAGE, TVEIT, E. SMITH, PECK, BACHINI

IN THE SENATE

January 19, 1983	Introduced and referred to Committee on Taxation.
February 21, 1983	Committee recommend bill do pass. Report adopted.
February 22, 1983	Bill printed and placed on members' desks.
February 28, 1983	Second reading, do pass.
March 1, 1983	Correctly engrossed.
March 2, 1983	Third reading, passed. Ayes, 39; Noes, 11. Transmitted to House.

IN THE HOUSE

March 3, 1983	Introduced and referred to Committee on Taxation.
March 17, 1983	Committee recommend bill be concurred in. Report adopted.
March 21, 1983	Second reading, concurred in.
March 22, 1983	Third reading, concurred in.

IN THE SENATE

March 23, 1983	Returned to Senate. Sent to enrolling.
	Reported correctly enrolled.

Senate BILL NO. 204

INTRODUCED BY Keating Lopp Trust E. Smith
Pack Bachini

A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT THE RIGHT OF ENTRY FROM PROPERTY TAXATION; AMENDING SECTIONS 15-6-131, 15-6-201, AND 15-8-111, MCA; PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-6-131, MCA, is amended to read:

"15-6-131. Class one property -- description -- taxable percentage. (1) Class one property includes:

~~(a) the right of entry that is a property right reserved in land or received by mesne conveyance (exclusive of leasehold interests), devise, or succession to enter land whose surface title is held by another to explore, prospect, or dig for oil, gas, coal, or minerals; and~~

~~(b)~~ the annual net proceeds of all mines and mining claims except coal and metal mines.

(2) Class one property is taxed ~~as follows:~~

~~(a) Property described in subsection (1)(a) is~~ taxed at 100% of its market value, as determined by the department of revenue.

~~(b) Property described in subsection (1)(b) is taxed~~ at 100% of its annual net proceeds after deducting the expenses specified and allowed by 15-23-503."

Section 2. Section 15-6-201, MCA, is amended to read:

"15-6-201. Exempt categories. (1) The following categories of property are exempt from taxation:

(a) the property of:

(i) the United States, the state, counties, cities, towns, school districts;

(ii) irrigation districts organized under the laws of Montana and not operating for profit;

(iii) municipal corporations; and

(iv) public libraries;

(b) buildings, with land they occupy and furnishings therein, owned by a church and used for actual religious worship or for residences of the clergy, together with adjacent land reasonably necessary for convenient use of such buildings;

(c) property used exclusively for agricultural and horticultural societies, for educational purposes, and for hospitals;

(d) property that meets the following conditions:

(i) is owned and held by any association or corporation organized under Title 35, chapter 2, 3, 20, or 21;

(ii) is devoted exclusively to use in connection with a cemetery or cemeteries for which a permanent care and

INTRODUCED BILL
SB 204

improvement fund has been established as provided for in Title 35, chapter 20, part 3; and

(iii) is not maintained and operated for private or corporate profit;

(e) institutions of purely public charity;

(f) evidence of debt secured by mortgages of record upon real or personal property in the state of Montana;

(g) public art galleries and public observatories not used or held for private or corporate profit;

(h) all household goods and furniture, including but not limited to clocks, musical instruments, sewing machines, and wearing apparel of members of the family, used by the owner for personal and domestic purposes or for furnishing or equipping the family residence;

(i) a truck canopy cover or topper weighing less than 300 pounds and having no accommodations attached. Such property is also exempt from the fee in lieu of tax.

(j) a bicycle, as defined in 61-1-123, used by the owner for personal transportation purposes; and

(k) automobiles and trucks having a rated capacity of three-quarters of a ton or less.; and

(l) the right of entry that is a property right reserved in land or received by mesne conveyance (exclusive of leasehold interests), devise, or succession to enter land whose surface title is held by another to explore, prospect,

or dig for oil, gas, coal, or minerals.

(2) (a) The term "institutions of purely public charity" includes organizations owning and operating facilities for the care of the retired or aged or chronically ill, which are not operated for gain or profit.

(b) The terms "public art galleries" and "public observatories" include only those art galleries and observatories, whether of public or private ownership, that are open to the public without charge at all reasonable hours and are used for the purpose of education only.

(3) The following portions of the appraised value of a capital investment made after January 1, 1979, in a recognized nonfossil form of energy generation, as defined in 15-32-102, are exempt from taxation for a period of 10 years following installation of the property:

(a) $20,000 in the case of a single family residential dwelling;

(b) $100,000 in the case of a multifamily residential dwelling or a nonresidential structure."

Section 3. Section 15-8-111, MCA, is amended to read:

"15-8-111. Assessment -- market value standard -- exceptions. (1) All taxable property must be assessed at 100% of its market value except as provided in subsection (5) of this section and in 15-7-111 through 15-7-114.

(2) (a) Market value is the value at which property

would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.

(b) The market value of all motor trucks; agricultural tools, implements, and machinery; and vehicles of all kinds, including but not limited to motorcycles, aircraft, and boats and all watercraft, is the average wholesale value shown in national appraisal guides and manuals or the value of the vehicle before reconditioning and profit margin. The department of revenue shall prepare valuation schedules showing the average wholesale value when no national appraisal guide exists.

(3) The department of revenue or its agents may not adopt a lower or different standard of value from market value in making the official assessment and appraisal of the value of property in ~~subsection--(1)(a)--of-15-6-131-and~~ 15-6-134 through 15-6-140. For purposes of taxation, assessed value is the same as appraised value.

(4) The taxable value for all property in ~~subsection (1)(a)-of-15-6-131-and~~ classes four through eleven is the percentage of market value established for each class of property in ~~subsection--(2)(a)--of--15-6-131--and~~ 15-6-134 through 15-6-141.

(5) The assessed value of properties in ~~subsection (1)(b)-of~~ 15-6-131, 15-6-132, and 15-6-133 is as follows:

(a) Properties in ~~subsection-(1)(b)-of~~ 15-6-131, under class one, are assessed at 100% of the annual net proceeds after deducting the expenses specified and allowed by 15-23-503.

(b) Properties in 15-6-132 under class two are assessed at 100% of the annual gross proceeds.

(c) Properties in 15-6-133, under class three, are assessed at 100% of the productive capacity of the lands when valued for agricultural purposes. All lands that meet the qualifications of 15-7-202 are valued as agricultural lands for tax purposes.

(6) Land and the improvements thereon are separately assessed when any of the following conditions occur:

(a) ownership of the improvements is different from ownership of the land;

(b) the taxpayer makes a written request; or

(c) the land is outside an incorporated city or town.

(7) The taxable value of all property in ~~subsection (1)(b)--of~~ 15-6-131 and classes two and three is the percentage of assessed value established in 15-6-131(2)~~(b)~~, 15-6-132, and 15-6-133 for each class of property."

NEW SECTION. Section 4. Effective date -- applicability. This act is effective on passage and approval and applies to taxable years beginning after December 31, 1982.

-End-

STATUS SHEET

TAXATION COMMITTEE

48th Legislature

Bill No.	Subject Matter	Date In	Sponsor	Hearing Date	Committee Action	Date Ou
SB 186	AN ACT TO AUTHORIZE THE COAL BOARD TO CONSIDER APPLICATIONS FOR LOANS FROM THE LOCAL IMPACT AND EDUCATION TRUST FUND ACCT..	2-9-83	Elliott	3-9-83	BE CONCURRED IN AS AMENDED	3-22-83
SB 189	AN ACT TO GENERALLY REVISE AND CLARIFY THE LIGHT VEH. FEE STATUTES; TO PROV. THAT THE AMT. OF THE FEE FOR LT. VHCLS. BE A WHOLE DOLLAR AMT....	2-5-83	Blaylock	3-4-83	BE CONCURRED IN	3-4-83
SB 204	AN ACT TO EXEMPT THE RIGHT OF ENTRY FROM PROPERTY TAXATION.	3-3-83	Keating	3-16-83	BE CONCURRED IN	3-16-8
SB 227	AN ACT TO ALLOCATE A PORTION OF THE METALLIFEROUS MINES LIC. TAX TO THE EARMARKED REVENUE FUND TO THE CREDIT OF THE HARD-ROCK MINING IMPACT ACCOUNT.....	3-1-83	Towe	3-11-83	BE CONCURRED IN AS AMENDED	3-16-8
SB 241	AN ACT TO GENERALLY REVISE THE TAX CREDIT AVAILABLE FOR NEW OR EXPANDING INDUSTRY.....	3-7-83	Lee	3-22-83	TABLED	3-21-8
SB 242	AN ACT TO GENERALLY REVISE AND CLARIFY LAWS PERTAINING TO INCOME TAXATION OF ESTATES, PROP. HELD IN TRUST, BENEFIC. OF ESTATES OR TRUSTS....	2-28-83	Gage	3-10-83	BE CONCURRED IN	3-10-

Form CS-32
1-81

MINUTES OF THE MEETING OF THE HOUSE TAXATION COMMITTEE
March 16, 1983

The meeting was called to order at 8:00 a.m. by Chairman Yardley. Roll Call was taken and all committee members were present.

Testimony was heard on SB 204 and HJR 33 during this meeting.

SENATE BILL 204

SENATOR TOM KEATING, District 32, sponsor of the bill, said SB 204 is an act to exempt the right of entry from property taxation. Senator Keating said last fall at a landowner and mineral owner association meeting, they passed a resolution to repeal the right of entry tax and asked that Senator Keating sponsor a bill to that effect. He said the right of entry tax is a hardship on assessors because it is difficult to keep track of severed minerals. The law requires the Department of Revenue to assess a market value. There is no market value of the right of entry. There is a market value on severed minerals or minerals in place. That market value is established by supply and demand. Right of entry doesn't give anyone the right to grant leasing. Ownership is in the mine interest and not in the right of entry. It would cost millions of dollars to tell what should be taxed.

Proponents

CHARLES GRAVELEY, representing the County Assessors Association, echoed Senator Keating's testimony. Taxation of right of entry is generally done at the request of an individual who maintains right of entry and is seeking assessment and taxation, believing it gives that individual the right to the minerals. If you do not have minerals but maintain right of entry, there is no market value.

CARL RIECKMENN, representing the Montana Petroleum Association, said the association would like to go on record in support of SB 204.

There were no opponents testifying on SB 204.

SENATOR KEATING closed his presentation on SB 204.

Questions were heard from the committee at this time.

REPRESENTATIVE DOZIER said in 1979 when the legislature tried to repeal this, all the mineral owners came in and opposed that measure. Senator Keating said he was not here is 1979 so he could not speak to what happened then.

REPRESENTATIVE WILLIAMS said at that same time Musselshell County came in in opposition to the repealer measure. They were collecting taxes then. Are they still doing that? Senator Keating said they are but the assessment is made on the right of entry. They are assessing the right of entry tax on some of the severed minerals in the county. They do not have a handle on all of them. They sort through on particular leases to determine who has severed minerals and they do not know the net mineral acre. They make the assessment on the right of entry but most people ignore it. The practice in Musselshell County is inconsistent because they are not taxing everyone the same. For them to determine exactly who has severed minerals and to what extent would cost them hundreds of thousands of dollars to abstract everything.

REPRESENTATIVE BERTELSEN asked what the word "mesne" means. Senator Keating said it means "many".

SENATOR KEATING said there is no fiscal note because this bill would not affect the Department of Revenue. The only county affected, basically, is Musselshell County.

The hearing was closed on SB 204.

HOUSE JOINT RESOLUTION 33

REPRESENTATIVE JACK RAMIREZ, District 64, said HJR 33 is a new approach to estimation of revenue and making an attempt to balance the budget. Usually the final revenue figure is not agreed upon until the last few days of the session. There was very little legislative participation in that process and very little public participation. This resolution will make it possible for the public and legislators to be involved.

The resolution contains three basic points:

1. There is a complete list of special revenues. This may contain the most comprehensive list of special state revenues that has been documented.

2. The general fund revenue is broken down into categories. It includes assumptions used by the Legislative Fiscal Analyst (LFA) to arrive at their estimates.

3. The resolution contains an anticipated beginning balance. The special fund revenue estimate is $597,400,000. The general fund revenue estimate is $693,200,000. The beginning balance is $56,300,000. The starting estimate is $1,346,900,000 for state revenue alone.

The motion was voted on and PASSED. A roll call vote was taken and all committee members voted yes except Representatives Bertelsen, Nordtvedt and Underdal, who voted no. Representative Asay was not present during the vote.

House Bill 829

REPRESENTATIVE DOZIER moved HB 829 DO PASS.

REPRESENTATIVE SWITZER said we are sending the wrong signal to the industry if this bill is passed. A study done by the Environmental Quality Council showed the mining industry is at a standstill in Montana as far as any incentives to do any development.

REPRESENTATIVE WILLIAMS said HB 829 takes the wrong approach. We are asking the voters to make a decision as to whether or not to increase the mines tax. That is wrong. He said they do not have all the information they will need at the time of voting. If we need a metal mines tax increase, let's do it in the legislature.

REPRESENTATIVE VINGER said he also opposes the bill. The coal severance tax did not help to open new mines, let's try a different approach with the metal mines.

REPRESENTATIVE DEVLIN said Montana needs the industry badly. We should not be taxing the mines to the point there will be no industry in Montana because of taxes.

The motion was voted on and FAILED. All committee members voted no except Representatives Bertelsen, Dozier, Harrington, Keenan, Nilson and Ream, who voted no. Representatives Asay and Neuman were not present during the vote.

CHAIRMAN YARDLEY said if there is no objection from the committee the vote will be reversed and the bill will come out of committee with a DO NOT PASS recommendation. There was no objection from the committee.

Senate Bill 204

REPRESENTATIVE WILLIAMS moved SB BE CONCURRED IN.

The motion was voted on and PASSED with all committee members voting yes except Representative Neuman, who voted no.

Senate Bill 227

REPRESENTATIVE DEVLIN said he would like to offer some amendments to SB 227. The amendment would be on line 12, page 3, striking "hard-rock mining impact purposes, including".

WITNESS STATEMENT

Name Carl Rieckmann Committee On Taxation

Address Billings Date 3/16/83

Representing Mont. Pet. Assoc. Support X

Bill No. 204 Oppose

Amend

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. Simply support SB204

2.

3.

4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

FORM CS-34
1-83

VISITOR'S REGISTER

HOUSE TAXATION COMMITTEE

BILL SB 204 DATE March 16, 1983

SPONSOR Senator Keating

NAME	RESIDENCE	REPRESENTING	SUP-PORT	OP-POSE
Carl Ricckmann	Billings	Mont. Pet. Assoc.	X	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

FORM CS-33
1-83

March 27, 19 89

MR. SPEAKER:

We, your committee on TAXATION

having had under consideration SENATE Bill No. 204

Third reading copy (Blue color)

A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT THE RIGHT OF ENTRY FROM PROPERTY TAXATION; AMENDING SECTIONS 15-6-131, 15-6-201, AND 15-8-111, MCA; PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

Respectfully report as follows: That SENATE Bill No. 204

~~XXXXXXX~~ BE CONCURRED IN

DAN YARDLEY, Chairman.

COMMITTEE SECRETARY

STATE PUB. CO.
Helena, Mont.

FORTY-EIGHTH LEGISLATIVE SESSION

COMMITTEE ON TAXATION (SENATE)

SENATE BILL NO.	ENTERED COMM.	DATE CONSIDERED	OUT OF COMM.	DO PASS DATE	DO NOT PASS DATE	DO PASS AS AMEND. DATE	BE CON-CURRED IN DATE	BE CONC. IN AS AMENDED DATE	BE NOT CON-CURRED IN DATE
146	1/14/83	1/24/83	1/28/83	1/27/83					
159	1/14/83	2/4/83	2/23/83			2/23/83			
163	1/15/83	1/27/83	1/28/83	1/27/83					
172	1/17/83	1/31/83		Tabled on 2/22/83					
185	1/18/83	1/31/83	2/2/83			2/2/83			
186	1/18/83	1/28/83	2/1/83			2/1/83			
187	1/18/83	1/26/83	Tabled on 1/27/83 pending receipt of other bills.						
189	1/18/83	1/28/83	1/31/83	1/28/83					
~~202~~	~~1/25/83~~	~~2/9/83~~	~~2/21/83~~		2/19/83				
204	1/19/83	2/9/83	2/21/83	2/21/83					
227	1/19/83	2/9/83	2/16/83	2/16/83					
231	1/20/83	2/10/83	2/21/83		2/21/83	(do not pass as amended)			
241	1/21/83	2/8/83	3/1/83			2/28/83			
242	1/21/83	2/3/83	2/17/83			2/17/83			
243	1/21/83	2/9/83	2/16/83			2/16/83			
244	1/21/83	2/7/83	2/22/83			2/22/83			
247	1/21/83	2/15/83	2/16/83			2/16/83			

(Use Separate Sheet for Senate, House Bills, and Resolutions)

(NOTE: These sheets indicate the status of the bills heard from time to time; the attached index indicates all of the dates on which the respective bills were discussed.)

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

February 9, 1983

The twenty-second meeting of the Taxation Committee was called to order at 8:30 a.m. by Chairman Pat M. Goodover in Room 415 of the Capitol Building.

ROLL CALL: All members were present.

CONSIDERATION OF SENATE BILL 204: Senator Thomas Keating, Senate District 32, sponsor of the bill, said it repeals the right of entry tax. A right of entry is inherited with a severed mineral interest. It is not ownership of minerals but is the right to go on land to extract minerals. According to law, the right of entry is to be taxed at 100% of its market value. It is difficult to determine the value of the minerals themselves because minerals in place have a value only to the extent that someone is willing to buy and accept an offer of them. The right of entry is even more confusing because it is valueless in itself. The process of taxing a right of entry has been undeterminable and very confusing and has caused problems for county assessors and owners of severed minerals. Senator Keating pointed out that a conveyed right of entry is not taxable.

PROPONENTS

Patty Yedlicka, who was the Golden Valley County Assessor for four years, and who is representing the county assessors association, said there are many discrepancies in taxing the right of entry. Their main concern is in the wording on the deeds themselves. They are not attorneys and cannot determine whether a deed means a right of entry. When a deed indicates "50% of all minerals," does that mean a right of entry? If a warranty deed contains a reservation of 50% of all minerals and a prior reservation of 75% of minerals, what percentage of the minerals is reserved? Is an "undivided interest in oil and gas and other minerals" a right of entry? When her office does tax someone for a right of entry, they get phone calls asking why the tax was assessed. They do not have problems with the railroads, because they want their name on the tax roll before anyone else, but they do have problems with other landowners. There is a Colorado man who has picked up several delinquent tax deeds on rights of entry in Golden Valley and Musselshell counties. In the Musselshell County case, the right happens to be on a producing well. The gentleman claims he has a royalty coming, and the oil company claims he does not. What does he have? We may be charging people for something they don't have. Can these people sue the county? They cannot put figures on this.

Dennis Burr, representing the Montana Taxpayers Association, said the problem in the past is that it got involved with surface owners and retention of property rights. The right of entry is not taxed in Lewis and Clark County (as a result of a district court decision) but it is taxed in all other Montana counties. It is associated with mineral rights everywhere else.

Charles Graveley, representing the Montana County Assessors Association, said the Big Horn County assessor thinks the right of entry taxes are a pain. They are not on their rolls. All assessors don't assess the taxes in the same manner. They made no specific request to have this bill drafted, but the tax serves no good purpose. Prairie County's right of entry tax is handled the least accurately of all taxes. Mineral interests are reserved from generation to generation and heirs end up with 1/64 interests in the reservation of mineral interests. The right of entry has no value in and of itself unless it is attached to reserved mineral interests. The Montana County Assessors Association favors SB 204.

John Rabenberg, representing himself and the Hi Plains Land and Mineral Association, favored the bill and submitted a resolution in support of the repeal of the right of entry tax, a copy of which is attached as Exhibit A.

Don Allen, representing the Montana Petroleum Association, also supported the bill.

OPPONENTS

There were no opponents to SB 204.

Questions from the committee were called for.

Senator Norman wondered what this would cost local governments. Senator Keating responded that in the 56 Montana counties listed, the reserved right of entry taxable valuation totals $1.6 million. Senator Towe said that actually then, $191,000 in revenue is derived.

Senator Keating said there is no clear cut definition of right of entry. There is a question of reserved minerals versus reserved royalties. Reservations have been written in many different ways. Sometimes they say 1/2 of all in, on, and under, and that are saved. It sometimes takes adjudication to determine whether a mineral right has a right of entry with it. He said the Burlington Northern felt it was cheaper to obtain title to severed minerals by paying the taxes than by going any other route. The laws are written to avoid litigation and this law should be repealed for that reason.

ROLL CALL

SENATE TAXATION COMMITTEE

48th LEGISLATIVE SESSION -- 1983 Date 2/9

NAME	PRESENT	ABSENT	EXCUSE
SENATOR GOODOVER, CHAIRMAN	✓		
SENATOR McCALLUM, VICE CHAIRMAN	✓		
SENATOR BROWN	✓		
SENATOR CRIPPEN	✓		
SENATOR ELLIOTT	✓		
SENATOR GAGE	✓		
SENATOR TURNAGE	✓		
SENATOR SEVERSON	✓		
SENATOR HAGER	✓		
SENATOR ECK	✓		
SENATOR HALLIGAN	✓		
SENATOR LYNCH	✓		
SENATOR NORMAN	✓		
SENATOR TOWE	✓		
SENATOR MAZUREK	✓		

DATE February 9, 1983

COMMITTEE ON TAXATION

VISITORS' REGISTER

NAME (PLEASE PRINT)	REPRESENTING	BILL #	Check One	
			Support	Oppose
GEORGE T. BENNETT	MONT. MINING ASSN	SB 243		Amend
Jean Mulvaney	League of Women Voters	202		X
Patti Yedlicka	Assessor's Assoc.	SB 204	X	
Bill McCraig	W. R. Grace & Co.	SB 243		Unless Amend
[illegible]	[illegible]			
[illegible]	Sen Dist 32	SB 243	✓	
[illegible]	[illegible]	SB 243	✓	
[illegible]	[illegible]	204	✓	
Jim MacKler	MT. Coal Council	243 202	204	✓ ✓
Pat Wilson	Montco/Thermal Energy	202		✓
Jim Hughes	MTN SEIC	243		✓
Nancy L Leifer	MT. Dept of Commerce	227	✓	
M Campbell/Rathbun		202		✓
Dennis Burr	Montana Taxpayers Assoc	243		✓
Dan Hoffman	Dept. of Revenue	243	✓	
Dan Bucks	Dept. of Rev.	243	✓	
James Madison	Dept of Revenue	243	✓	
Jesse Munro	Dept of Revenue	204		
Sonnie Kennedy	Adv. - Sen Tveit	ALL		

EXHIBIT A
FEBRUARY 9, 1983
SB 204

SB204

RESOLUTION ON RIGHT OF ENTRY TAX

Whereas: The Right of Entry Tax on severed mineral interest is an antiquated tax, which the State of Montana, and most counties within the state has viewed as not feasible to impose, and,

Whereas: Such Right of Entry Tax is unnecessary toward securing access to development of severed minerals, and,

Whereas: The imposition of the Right of Entry Tax as it presently stands under law, could cause confusion, and in some instances hardship including people who are elderly and of limited economic means, then,

Hereby: Be it resolved that all the Montana Land and Mineral Owners Associations,
go on record as opposed to the Right of Entry Tax. And, be it recommended legislation designed to terminate said Right of Entry Tax.

CONSIDERATION OF SENATE BILL 172: Senator Eck moved that the amendments attached to the February 8, 1983, minutes as Exhibit D (with "adjusted" stricken from the columnar heading in amendment No. 3) be adopted. The motion was seconded and passed unanimously.

Senator Eck then moved that SB 172 DO PASS AS AMENDED.

Senator Elliott opposed the bill. The income tax system is being eroded, he said. Senator McCallum asked if there was any change in the fiscal note, and Senator Eck replied there was.

Senator Eck withdrew her motion, and the committee will act on SB 172 at a later date.

DISPOSITION OF SENATE BILL 204: Senator Towe said this is paid voluntarily by many people, and we should leave it alone. Senator Brown noted that one county (Lewis and Clark) has already exempted right of entry from taxation. Senator Towe commented that it is an attempt to tax minerals in place, and you can't do that. So we will tax the right to go in to extract minerals. In Carbon County, the right of entry tax is $5 an acre. Burlington Northern pays $230,000 a year in right of entry taxes, and they pay voluntarily. Since most of the tax income is from Burlington Northern, we should just leave it alone.

Senator Towe moved that SB 204 DO NOT PASS. The motion was seconded.

Senator Towe commented that it is an unfair tax and is unfairly apportioned. Senator Gage felt SB 204 was a step away from what Canada did two years ago.

Senator McCallum made a substitute motion that SB 204 DO PASS. The motion was seconded and passed on a roll call vote of 11-4. The roll call vote sheet is attached to the standing committee report attached to these minutes.

DISPOSITION OF SENATE BILL 363: Senator Mazurek submitted amendments attached as Exhibit A to these minutes. The deduction would be in lieu of the one in subsection (8) of section 1, eliminates original use of a computer, and requires acceptance of the equipment by the donee (which prevents the schools becoming a dumping ground for the used equipment). The definition limits the deduction to use with computers. Value is the fair market value. Accredited post-secondary schools like vo techs would be included.

Senator Towe said this bill was drafted for manufacturers in Montana. We should lift that up to five years. Senator Gage said a manufacturer can take the donation as a business deduction, but an individual updating his own computer equipment would have a tough time getting this deduction. Senator Towe noted that most corporations do not even give 5% now. This may help the schools.

ROLL CALL

SENATE TAXATION COMMITTEE

48th LEGISLATIVE SESSION -- 1983 Date 2/21 /8

NAME	PRESENT	ABSENT	EXCUSED
SENATOR GOODOVER, CHAIRMAN	✓		
SENATOR McCALLUM, VICE CHAIRMAN	✓		
SENATOR BROWN	✓		
SENATOR CRIPPEN	✓		
SENATOR ELLIOTT	✓		
SENATOR GAGE	✓		
SENATOR TURNAGE	✓		
SENATOR SEVERSON	✓		
SENATOR HAGER	✓		
SENATOR ECK	✓		
SENATOR HALLIGAN	✓		
SENATOR LYNCH	✓		
SENATOR NORMAN	✓		
SENATOR TOWE	✓		
SENATOR MAZUREK	✓		

February 21 19 83

MR. PRESIDENT

We, your committee on taxation

having had under consideration Senate Bill No. 204

Respectfully report as follows: That Senate Bill No. 204

introduced bill

DO PASS

Pat M. Goodover Chairman.

STATE PUB. CO.
Helena, Mont.

jlc.

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date Feb 21, 1983 Senate Bill No. 204 Time 8:40

NAME	YES	NO
SENATOR GOODOVER, CHAIRMAN	✓	
SENATOR McCALLUM, VICE CHAIRMAN	✓	
SENATOR BROWN	✓	
SENATOR CRIPPEN	✓	
SENATOR ELLIOTT	✓	
SENATOR GAGE	✓	
SENATOR TURNAGE	✓	
SENATOR SEVERSON	✓	
SENATOR HAGER	✓	
SENATOR ECK		✓
SENATOR HALLIGAN	✓	
SENATOR LYNCH		✓
SENATOR NORMAN		✓
SENATOR TOWE		✓
SENATOR MAZUREK	✓	

Secretary: Barbara J. Effing Chairman: Pat M. Goodover

Motion:

sub. motion that 204 do pass

(include enough information on motion—put with yellow copy of committee report.)